



The 244<sup>th</sup> meeting of the Rhode Island Student Loan Authority was held on Monday, May 7, 2007 in the 2<sup>nd</sup> floor Conference Room, 560 Jefferson Boulevard, Warwick Rhode Island. Dr. Anthony Santoro called the meeting to order at 8:14 A.M.

The following Board members were in attendance:

Dr. Anthony Santoro  
Mr. John Howell  
Hon. Frank Caprio, General Treasurer  
Ms. Patti Doyle  
Dr. Robert J. McKenna

Members absent:

Dr. William Croasdale (via teleconference)

Others in attendance:

Mr. Noel Simpson, Executive Director, RISLA  
Ms. Jennifer Dutch, RISLA  
Mr. David DeBlois, NESLA  
Mr. Kevan McAleer, NESLA  
Mr. Joseph R. Palumbo, Jr., General Counsel  
Mr. Gregory Silva, RIHEAA  
Ms. Marisol Garcia, RIHEAA  
Ms. Jennifer Jordan, Providence Journal  
Ms. Meredith Holderbaum, Legislative Fiscal Analyst, Senate Fiscal Office  
Xay Khamasyvoravong, Deputy Chief of Staff, Office of General Treasurer  
Ms. Paula Dominguez, Senior Education Policy Analyst, House of Representatives  
Mr. Peter Kirwin, Office of the General Treasurer

## **Chairman's Report**

Dr. Santoro described the relationship between RISLA and Nelnet.

Dr. Santoro indicated that he intended on speaking to the Board at the regularly scheduled meeting on May 18<sup>th</sup> but felt that in light of the recent press reports this meeting was necessary to discuss the College Planning Center and RISLA Code of Conduct.

Dr. Santoro discussed a letter he received from David Bottegal of Nelnet which states that Nelnet will return the College Planning Center to RISLA and that Nelnet will help RISLA to ensure that this is a smooth transition.

Dr. Santoro provided the Board with a summary of the transaction between RISLA and Nelnet consummated in March 2004. He explained that RISLA sold a portion of its existing portfolio to Nelnet for \$5 million and received an additional \$8 million from Nelnet for future originations of Stafford loans over 10 years. Dr. Santoro mentioned that Nelnet has contributed \$50,000 a year for the Paul Sherlock Scholarship and pledged to do so for 10 years. Dr. Santoro explained that the RISLA's Stafford Loan volume was sold to Nelnet while the PLUS and alternative loans remained with RISLA. Dr. Santoro noted that since the transaction with Nelnet was consummated, the College Planning Center has been operated by NESLA at RISLA's expense.

Dr. Santoro noted that about 2 years after the transaction with Nelnet both he and Dr. Croasdale began thinking of asking Nelnet to return control of the College Planning Center to RISLA. He noted that RISLA had proven that it was able to afford the cost of operation of the College Planning Center and the Board wanted to expand the same to reach all parts of Rhode Island.

Dr. Santoro reiterated that Nelnet has no problem returning the College Planning Center to RISLA's control and that Dr. Croasdale's subcommittee also recommended the Board take it back.

Dr. Santoro discussed the benefits RISLA has received from Nelnet over the last few years. He noted that Nelnet has provided RISLA with the use of Peterson's software for SAT test preparations for 12 high schools at no charge. On its own initiative, Nelnet reduced the marketing fee charged from 1.35% to 1.3%. Dr. Santoro also noted that Nelnet has helped with an initiative on the fee to remarket loans and has help convince others to reduce the fee being charged to RISLA – resulting in a \$500,000 annual savings for RISLA.

## **Item #2 – RISLA’s Code of Ethics**

Dr. Santoro posed the question to the Board that if RISLA assumes control of the College Planning Center will it then be bound to not to market its own loans, which he feels are the best in the country.

Mr. DeBlois pointed out that the College Planning Center informs borrowers that Stafford loans are sold to Nelnet.

Dr. Santoro stated that RISLA would have the College Planning Center report directly to the Board and not to RISLA’s Executive Director.

Dr. Croasdale (over the phone) briefly mentioned the recommendations of the College Planning Center subcommittee. He stated that the subcommittee recommends that the Board take the College Planning Center back from Nelnet and to expand across the state.

Dr. McKenna thanked Dr. Croasdale for his work on the College Planning Center subcommittee.

Upon a motion by Dr. McKenna and seconded by Mr. Caprio, it was unanimously

**VOTED:** To adopt the RISLA Code of Ethics.

Mr. Caprio commended the Board for its swift action and best practice methods regarding the Code of Ethics. He stated that the RISLA Code of Ethics match the best practices presented by New York Attorney General Cuomo.

Upon a motion by Dr. McKenna and seconded by Ms. Doyle it was unanimously

**VOTED:** To take back the operation of the College Planning Center from Nelnet.

Dr. Santoro suggested that the Board share RISLA’s code of ethics with the Attorney General.

Dr. McKenna noted that the Governor extended his appointment to the RIHEAA and RISLA Boards until July 1, 2011.

Upon a motion by Dr. McKenna and seconded by Mr. Howell it was unanimously

**VOTED:** To adjourn.

Dr. Santoro adjourned the meeting at 8:54 A.M.

Adjournment was at 8:54 A.M.

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Mr. John Howell  
Secretary